



9111-14

**DEPARTMENT OF HOMELAND SECURITY  
U.S. Customs and Border Protection**

**Completion of the Broker Self-Assessment Outreach Pilot**

**AGENCY:** U.S. Customs and Border Protection, Department of Homeland Security.

**ACTION:** General Notice.

**SUMMARY:** This document announces the completion of the Broker Self-Assessment (BSA) Outreach Pilot (BSA Pilot), a voluntary partnership with the customs brokerage community, which began in July 2009. CBP has decided to end the BSA pilot without a plan to proceed with another Importer Self-Assessment type model. CBP and the National Customs Brokers and Forwarders Association of America (NCBFAA) have agreed to pursue other avenues to collaborate pertaining to trade modernization efforts.

**EFFECTIVE DATE:** [INSERT DATE OF PUBLICATION IN THE **FEDERAL REGISTER**]

**FOR FURTHER INFORMATION CONTACT:** Florence Constant, Partnership Programs Branch, Trade Policy and Programs, Office of International Trade, Tel.: (202) 863-6537.

## **SUPPLEMENTARY INFORMATION:**

### **Background**

This document announces the completion of the Broker Self-Assessment Outreach Pilot (BSA Pilot), which began July 2009 after its announcement in the **Federal Register** (74 FR 19103) on April 27, 2009. The pilot was a collaborative effort by U.S. Customs and Border Protection (CBP) and the National Customs Brokers and Forwarders Association of America (NCBFAA) to develop a voluntary partnership between CBP and the customs brokerage community.

### **Purpose**

The purpose of the partnership was to facilitate a higher level of broker compliance with CBP laws and regulations, specifically those in part 111 of title 19 of the Code of Federal Regulations (19 CFR Part 111), so that the agency could focus on higher-risk trade enforcement issues. All brokers who were current members of the Customs-Trade Partnership Against Terrorism (C-TPAT) were permitted to apply for the BSA pilot by signing a BSA Memorandum of Understanding (MOU) and completing a BSA questionnaire.

A total of twenty-seven (27) brokers applied and four (4) were selected to participate in the pilot based on the criteria discussed above and CBP and NCBFAA's desire to have brokerages that represented small, medium, and large volumes of activities.

### **Pilot Design**

CBP and NCBFAA modeled the pilot after the existing Importer Self-Assessment (ISA) program, which is based on the premise that importers with internal controls in place achieve the highest level of compliance with CBP laws and regulations. Similarly, the premise with the BSA pilot was that brokers with strong internal controls would achieve the highest level of compliance with customs laws and regulations.

The pilot program was designed to allow customs brokers to voluntarily provide CBP with internal control procedures designed to ensure their compliance with broker requirements such as annual summary reports from periodic compliance evaluations and risk assessments. CBP provided the participants with recognition and support, in the form of consultations and general assistance.

The BSA team, which was comprised of CBP regulatory auditors and national account managers, gathered and analyzed the data provided by the participants to determine whether: 1) the resources expended by brokers were commensurate with the potential gains to CBP and the broker; 2) there were mutual benefits for CBP and the broker that would make the program attractive; and 3) the intent of the pilot was realized through the pilot design utilized. In making its assessment, the BSA team examined the brokers' processing of its clients' submissions in the following areas: periodic monthly statement; bonded warehouse; importer security filings; remote location filing; and drawback.

### **Pilot Results**

CBP's assessment of the pilot results showed that the participants successfully demonstrated their supervision and control over customs transactions and documented their internal controls over their customs operations. However, the procedures for the internal controls, such as supervision and control over customs transactions and customs operations, were not always written, and in some cases, the procedures were modified or improved, but not yet implemented. The pilot also disclosed that the broker's assessment of risk factors differed from the risk factors CBP identified as potentially significant risks.

All of the participants agreed that the BSA pilot helped them identify some areas of risk that they had not previously considered. Most of the participants concluded that the development of the internal control procedures revealed ways to better manage and mitigate risk factors.

The reliable quantitative measure related to import transactions is the compliance measurement rate, which primarily measures compliance in areas such as, classification, valuation, free trade agreement, anti-dumping and countervailing duty. It was discovered in the BSA Pilot that the compliance measurement rate did not necessarily correlate with demonstrated compliance on the part of the broker.

The BSA evaluation team's assessment of the broker's internal control for achieving compliance with the CBP regulations (19 CFR part 111) concluded that the participants demonstrated a strong commitment to ensuring compliance, professional ethics and professional development of their employees to meet its overall objective in regards to broker oversight and management controls. Moreover, the participants generally provided exemplary documentation to support their processes, which validated the assertions made as to the significant resources allocated in preparation for the team's assessment. The NCBFAA observed that the BSA pilot demonstrated that business profiles and process management within the brokerage community is highly diverse. As such, it would be difficult to provide for a standard template that CBP could use to establish uniform methodology for compliance verification. NCBFAA recommended that CBP not pursue the BSA pilot as it is currently designed.

Since CBP has decided to end the BSA pilot without a plan to proceed with another Importer Self-Assessment type model, CBP and NCBFAA will pursue other avenues to collaborate pertaining to trade modernization efforts.

The complete March 1, 2011 “Broker Self-Assessment Outreach Pilot” Report is available on the following website:

[http://www.cbp.gov/linkhandler/cgov/trade/trade\\_programs/bsa/bsa\\_report.ctt/bsa\\_report.pdf](http://www.cbp.gov/linkhandler/cgov/trade/trade_programs/bsa/bsa_report.ctt/bsa_report.pdf).

Dated: November 29, 2011

**Allen Gina**

Assistant Commissioner  
Office of International Trade

[FR Doc. 2011-31009 Filed 12/01/2011 at 8:45 am; Publication Date: 12/02/2011]